



A.C.N. 004 247 214

Lakes Oil N.L.

Letter to  
Shareholders  
and ASX  
Announcement  
16 July  
2009

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# LAKES CONTINUES ASSESSMENT OF WOMBAT AND NORTH SEASPRAY FIELDS

## NEW WOMBAT WELL

Dear Shareholders,

### OPERATIONAL ACTIVITIES UPDATE

#### Wombat 2

Following the re-fracturing of the 1,470m gas zone on 23<sup>rd</sup> June 2009, the well is currently flowing back fracturing fluid, gas and condensate to the surface. This flow is intermittent due to opening and shutting in the well to allow sufficient pressure build up to clean the well bore of the frac fluids.

**We are encouraged by the quick pressure build up each time the well is shut in. This indicates good communication between the well bore and the formation, confirming the effectiveness of the re-fracturing operation.**

#### North Seaspray 3

The coil tubing unit has been relocated to North Seaspray 3 where flow-back operations have commenced and will continue for a planned period of 5-7 days.

#### Wombat 3

Analysis is continuing of the oil recovered from the 2,106m oil zone in the lower part of the well. Discussions are being held with our consultants to ascertain the best approach to running a drill stem test in the oil zone.

#### Wombat 4

**A suitable rig has been secured to carry out the drilling of Wombat 4. The drill site for Wombat 4 was selected as a result of our Wombat 3D seismic survey carried out in 2008. The survey showed considerable up-dip potential in the Strzelecki Group on the structural mapping. It is possible that there are 50-80 metres of additional up-dip potential located 1.5 kilometres to the south west of Wombat 2.**

**This site gives the potential for a thicker weathered zone to be present in the upper part of the Strzelecki than we encountered in the other Wombat wells. The weathered zone has been the most productive in all the Wombat wells drilled to date, and we are scheduling the drilling of Wombat 4 for early September, subject to Government approvals.**

### RIGHTS ISSUE

On behalf of the Board of Lakes Oil NL, I am pleased to inform you that it is conducting a rights issue at **1 cent** per share.

The issue is on the basis of 1 share for every 4 shares held with the ability to apply for over-subscriptions. If fully subscribed the issue will raise approximately \$11m. Acceptances are expected to close on 21 August 2009.

A personalized Entitlement and Acceptance Form will be sent to eligible shareholders in accordance with the following timetable:

Record Date	24 July 2009
Entitlement and Acceptance Form sent	29 July 2009
Closing Date of Issue	21 August 2009
Issue of shares	28 August 2009
Dispatch of holding statements	31 August 2009

Your right to subscribe for shares at 1 cent per share provides value to you to the extent to which the share price exceeds that price. The share price closed at **1.4 cents** per share on 15 July 2009, and hence the issue is priced at a 29% discount. If you take no action you will forego any value that your entitlement may provide to you as the issue is not renounceable.

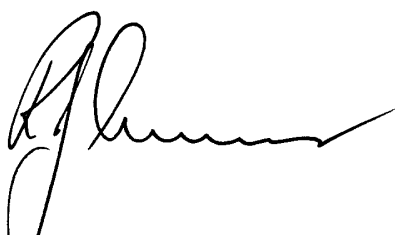
The issue is not underwritten at this stage, and you are expected to be invited to apply for any oversubscriptions that may arise. If there are excess oversubscription applications, the Company will determine an appropriate allocation policy. The Company reserves the right to place any resulting shortfall at its discretion.

The Company intends to use the funds for the drilling of Wombat 4 which is anticipated to commence in early September, as well as for ongoing exploration purposes.

The offer is to be made to Australian and New Zealand shareholders and other overseas shareholders where the offer can be made without registration of the offer documentation. No prospectus for the offer documentation is required, and no shareholder approval is required for the issue. Your directors intend to take up their respective entitlements.

I look forward to your participation in this issue and the future of your Company.

**Lakes Oil N.L.**

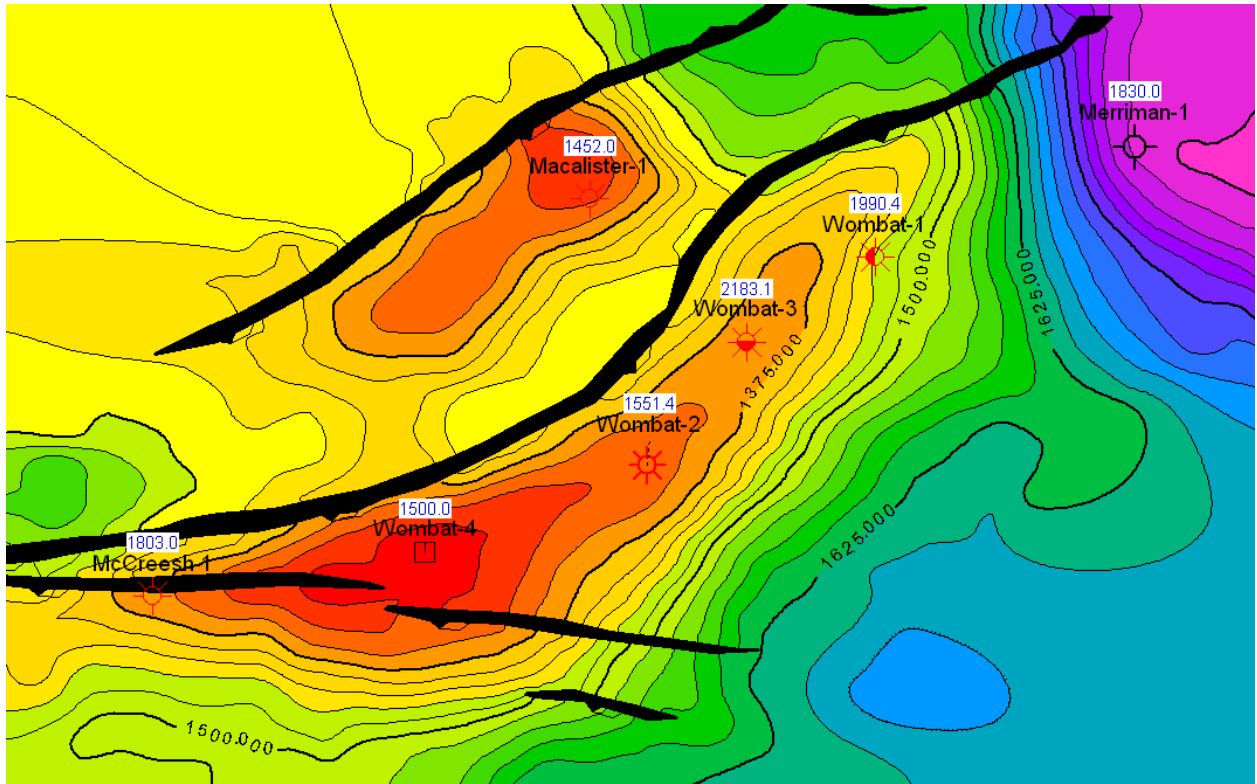


ROBERT J. ANNELLS

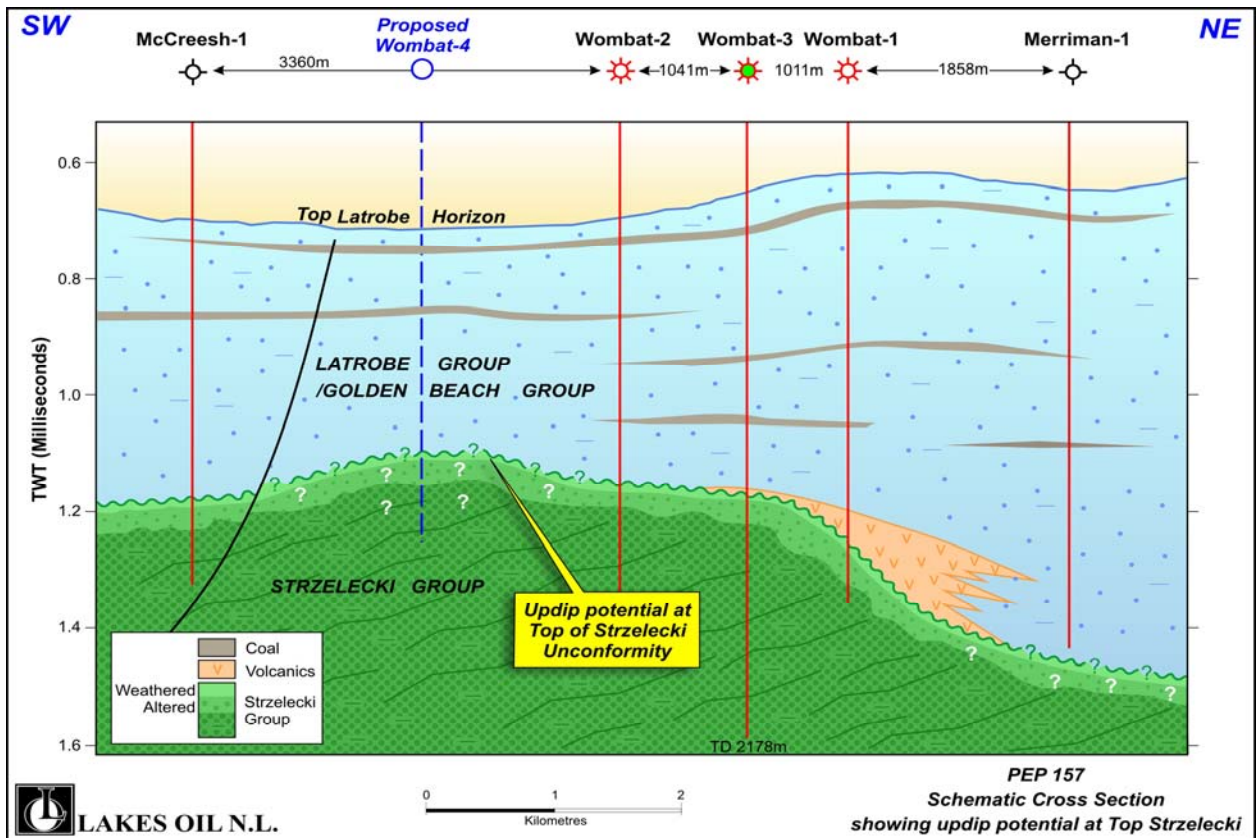
*Chairman*

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Wombat 3D Seismic Interpretation – map of Top Strzelecki Unconformity



Schematic cross section arbitrary line across Wombat Structure



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